

Village of Rothbury
Financial Statements
Including Independent Auditor's Report
March 31, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

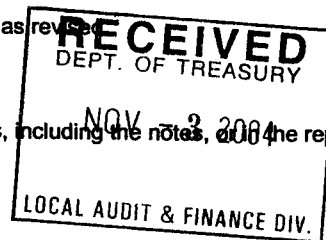
Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Village of Rothbury	County Oceana
Audit Date 3/31/04	Opinion Date 9/9/04	Date Accountant Report Submitted to State: 10/4/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, and the report of comments and recommendations



You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) M. L. Shreve CPA, P.C.			
Street Address 110 W. Colby, Suite 104		City Whitehall	State Mi
Accountant Signature <i>M. L. Shreve CPA, P.C.</i>		ZIP 49461	Date 9/30/2004

**Village of Rothbury
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*M. L. Shreve CPA, P.C.
110 W. Colby, Suite 104
Whitehall, Michigan 49461*

Independent Auditor's Report

To the Village Council
Village of Rothbury
7804 S. Michigan Avenue
Rothbury, Michigan 49452

We have audited the accompanying financial statements of the Village of Rothbury, County of Oceana, State of Michigan as of and for the year ended March 31, 2004, as listed in the table of contents. These financial statements are the responsibility of the Village of Rothbury's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Rothbury, County of Oceana, State of Michigan as of March 31, 2004, and the respective changes in financial position, and the respective budgetary comparisons for the general fund, major streets fund, and the local streets fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the financial statements, Village of Rothbury adopted Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and changed its accounting for fixed assets, as of and for the year ended March 31, 2004.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion thereon.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Village of Rothbury's basic financial statements. The combining schedules and individual fund statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, this information is fairly presented, in all material respects, in relation to the basic financial statements taken as a whole.

 M. L. Shreve CPA, P.C.

M. L. Shreve CPA, P.C.

Whitehall, Michigan

September 9, 2004

Management Discussion and Analysis

Village of Rothbury
Management's Discussion and Analysis
For the year ended March 31, 2004

As the management of the Village of Rothbury, we offer readers of the Village of Rothbury's financial statements this narrative overview and analysis of the financial activities of the Village of Rothbury for the fiscal year ended March 31, 2004.

The Financial Highlights

When revenues exceed expenses, the result is an increase in net assets. When expenses exceed revenues, the result is a decrease in net assets. You can think of this relationship between revenues and expenses as the Village's operating results. You can think of the Village's net assets, as measured in the Statement of Net Assets, as one way to measure the Village's financial health, or financial position. Over time, increases or decreases in the Village's net assets, as measured in the Statement of Activities, are one indicator of whether its financial health is improving or deteriorating. However, the Village's goal is to provide services that improve the quality of life for our residents, not to generate profits as businesses do. For this reason, you will need to consider many other non-financial factors in assessing the overall financial health of our Village.

- The assets of the Village of Rothbury exceeded its liabilities as of March 31, 2004 by \$ 715,710.37 (*net assets*). Of this amount, \$ 75,891.97 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors. Total net assets includes all infrastructure of the governmental funds.
- The Village of Rothbury's total net assets increased by \$ 16,461.18 for the fiscal year ended March 31, 2004.
- As of March 31, 2004, the Village of Rothbury's governmental funds reported combined ending fund balances of \$ 369,704.37, an increase of \$27,207.34 in comparison with the prior year.
- As of March 31, 2004, the unreserved fund balance in the general fund is \$ 75,891.97, or approximately 53.63 % of total general fund expenditures.

Village of Rothbury
Management's Discussion and Analysis
For the year ended March 31, 2004

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Village of Rothbury's basic financial statements. These basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Village of Rothbury's finances, in a manner similar to a private sector business.

The *statement of net assets* presents information on all of the Village of Rothbury's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as an indicator of whether the financial position of the Village of Rothbury is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (i.e., uncollected taxes, etc.)

Both of the government-wide financial statements distinguish functions of the Village of Rothbury that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Village of Rothbury include: Legislative, General Government, Public Safety, Public Works, Health and Welfare, and Planning. The Village of Rothbury does not perform business-type activities.

The government-wide financial statements can be found on pages 12 - 17 of this report.

Village of Rothbury
Management's Discussion and Analysis
For the year ended March 31, 2004

Overview of the Financial Statements (continued)

Fund financial statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been targeted for specific activities or objectives. The Village of Rothbury, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village of Rothbury are categorized as governmental funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Village of Rothbury maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Major Streets Fund, and Local Streets Fund. Data from the remaining fund is presented in a single, aggregated presentation. Individual fund data for the nonmajor governmental fund is provided in the form of *combining statements* later in this report.

Village of Rothbury
Management's Discussion and Analysis
For the year ended March 31, 2004

Overview of the Financial Statements (continued)

Fund financial statements

The Village of Rothbury adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Governmental Funds

The basic governmental fund financial statements can be found on pages 14 - 17 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18 - 31 of this report.

Budgetary Comparisons and Combining Statements

The budgetary comparison statements for the general fund, major streets fund, and the local streets fund has been provided to demonstrate compliance with the budget. The budget amounts include both the original budget amounts as well as a final budget which includes amendments made to the budget during the fiscal year. Actual amounts are compared to the final budget amounts.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented for additional supplementary analysis.

The budgetary comparison schedules can be found on pages 32 -38 of this report. The combining statements can be found on pages 39 - 40 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Village of Rothbury, assets exceeded liabilities by \$ 715,710.37 as of March 31, 2004.

Village of Rothbury
Management's Discussion and Analysis
For the year ended March 31, 2004

Government-Wide Financial Analysis (continued)

Infrastructure assets of the governmental activities are included within this report. The general capital assets (e.g., land, buildings, infrastructure, equipment) of the governmental activities of the Village of Rothbury is stated in the amount of \$ 346,006.00. This amount represents 48.32 % of the net assets of the Village of Rothbury as of March 31, 2004.

The Village of Rothbury uses these capital assets to provide services to its residents and other citizens, consequently, these assets are not available for future spending.

Capital assets purchased during the fiscal year ended March 31, 2004 amounted to \$ 19,964.00, thereby increasing assets being depreciated from \$ 608,106.00 to \$ 628,070.00.

Depreciation expense for the fiscal year ended March 31, 2004 is in the amount of \$ 21,536.00, thereby increasing accumulated depreciation from \$ 260,528.00 to \$ 282,064.00.

The overall effect on capital assets, net of depreciation, therefore was a decrease in the amount of \$ 1,572.00.

Governmental activities

Governmental activities increased the Village of Rothbury's net assets by the amount of \$ 16,461.18. The Village of Rothbury adopted the provisions of Governmental Standards Board Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - for State and Local Governments* as of and for the year ended March 31, 2004.

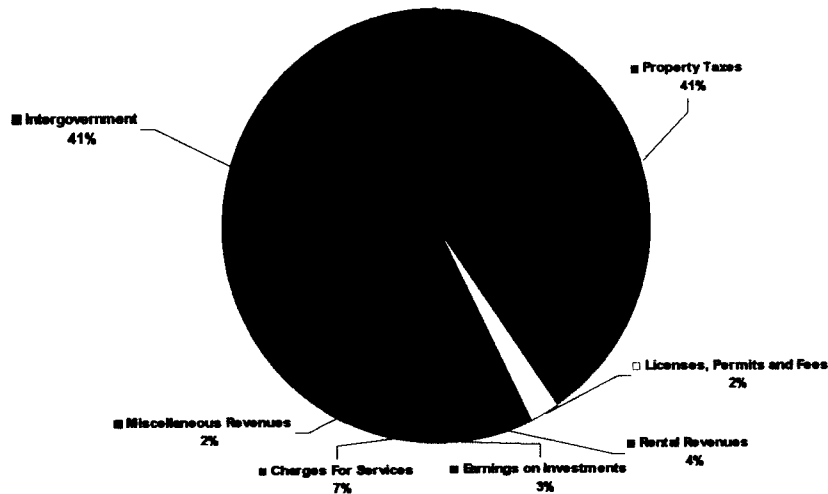
As identified on the following page, the Village of Rothbury's revenue sources - governmental activities show that property taxes is 41% of the Village's revenue, state revenue sharing (intergovernmental) is 41% of revenue, and the remaining 18% is divided among other sources, such as charges for services, rental of facilities, licenses, permits and fees, and earnings on investments.

Village of Rothbury
Management's Discussion and Analysis
For the year ended March 31, 2004

Government-Wide Financial Analysis (continued)

Governmental activities (continued)

**Village of Rothbury Revenues Sources -
Governmental Activities
for the year ended March 31, 2004**

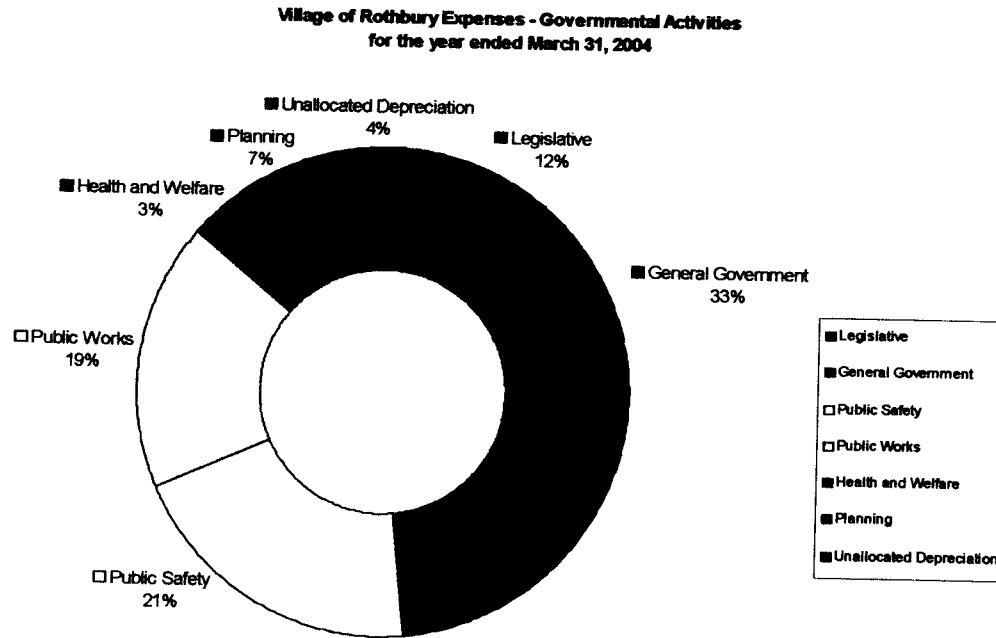


As identified on the following page, the Village of Rothbury Expenses - Governmental Activities is presented for the year ended March 31, 2004. Total expenses amounted to \$ 178,958.91, before application of program revenues. This chart shows the percentages of total expenses as follows: Legislative is 12 %, General Government 33%, Public Safety 21%, Public Works 19%, Health and Welfare 3%, Planning 7%, and Unallocated Depreciation 4 %.

Village of Rothbury
Management's Discussion and Analysis
For the year ended March 31, 2004

Government-Wide Financial Analysis (continued)

Governmental activities (continued)



The net effect of program revenues reduces significantly the cost of general government activities, and Public Works. These program revenues are charges for services in the amount of \$ 26,761.90 applied to general government activities, and Transportation revenues received from the State of Michigan, in the amount of \$ 45,919.71 for maintenance of roads within the Village's jurisdiction.

Village of Rothbury
Management's Discussion and Analysis
For the year ended March 31, 2004

General Fund Budgetary Highlights

Differences between the original and final amended budget of the general fund can be briefly summarized as follows:

Description	Original Budget	Increase	Decrease	Final Budget
Unallocated:				
Unallocated	\$12,450.00	\$ -	\$(12,450.00)	\$ -
Clerk:				
Miscellaneous Expense	200.00	200.00		400.00
Township Hall:				
Repairs and Maintenance	1,000.00	6,450.00		7,450.00
Professional Services	1,000.00	1,000.00		2,000.00
Truck Expense	1,500.00	1,000.00		2,500.00
Rothbury Community Center:				
Utilities	2,000.00	800.00		2,800.00
Public Safety:				
Repairs and Maintenance	1,000.00	2,000.00		3,000.00
Capital Outlay	7,500.00	1,000.00		8,500.00
		<u>\$12,450.00</u>	<u>\$(12,450.00)</u>	

Actual revenues in the general fund were less than the budgeted amount by \$ 5,118.77, while actual expenditures were less than the final budgeted amount by \$ 70,889.34.

Capital Assets

The Village of Rothbury's investment in capital assets for its governmental activities as of March 31, 2004, amounts to \$ 346,006.00 net of accumulated depreciation. This investment in capital assets includes land, buildings, building improvements, equipment, vehicles, and infrastructure. The Village of Rothbury has implemented the infrastructure component of Governmental Accounting Standards Board (GASB) Statement No. 34 for the fiscal year ended March 31, 2004.

Village of Rothbury
Management's Discussion and Analysis
For the year ended March 31, 2004

Requests For Information

This financial report is designed to provide a general overview of the Village of Rothbury's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Village of Rothbury, attention: Clerk, 7804 S. Michigan Avenue, Rothbury, Michigan, 49452.

Basic Financial Statements

Village of Rothbury
Statement of Net Assets
March 31, 2004

	Governmental Funds	Business-Type Activities	Total
Assets			
Current Assets			
Cash	\$ 360,812.94	\$ -	\$ 360,812.94
Taxes Receivable	3,383.78		3,383.78
Due From Other Governments	8,895.13		8,895.13
Total Current Assets	<u>373,091.85</u>	<u>-</u>	<u>373,091.85</u>
Non Current Assets			
Depreciable Capital Assets - Net of Accumulated Depreciation	346,006.00		346,006.00
Total Non Current Assets	<u>346,006.00</u>	<u>-</u>	<u>346,006.00</u>
Total Assets	<u>\$ 719,097.85</u>	<u>\$ -</u>	<u>\$ 719,097.85</u>
Liabilities			
Current Liabilities			
Accounts Payable	\$ 787.48	\$ -	\$ 787.48
Deferred Revenue	2,600.00		2,600.00
Total Current Liabilities	<u>3,387.48</u>	<u>-</u>	<u>3,387.48</u>
Total Liabilities	<u>3,387.48</u>	<u>-</u>	<u>3,387.48</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	346,006.00		346,006.00
Restricted For:			
Special Revenue Funds	293,812.40		293,812.40
Unrestricted	75,891.97		75,891.97
Total Net Assets	<u>\$ 715,710.37</u>	<u>\$ -</u>	<u>\$ 715,710.37</u>

See accompanying notes to the financial statements.

Village of Rothbury
Statement of Activities
For the Fiscal Year Ended March 31, 2004

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges For Services	Operating Grants	Capital Grants	Government Type Activities	Business Type Activities	Total
Governmental Activities							
Legislative	\$ 21,233.77						
General Government	58,997.24	\$ 22,633.30			\$ (21,233.77)	\$ -	\$ (21,233.77)
Public Safety	38,099.36	4,128.60			(36,363.94)		(36,363.94)
Public Works	34,110.02		45,919.71		(33,970.76)		(33,970.76)
Health and Welfare	5,880.60				11,809.69		11,809.69
Planning	12,684.92				(5,880.60)		(5,880.60)
Unallocated Depreciation	7,953.00				(12,684.92)		(12,684.92)
					(7,953.00)		(7,953.00)
Total	\$ 178,958.91	\$ 26,761.90	\$ 45,919.71	\$ -	(106,277.30)	-	(106,277.30)
General Purpose Revenues:							
Property Taxes					\$ 79,239.64	\$ -	\$ 79,239.64
Revenue Sharing					34,723.00		34,723.00
Investment Earnings					5,260.79		5,260.79
Miscellaneous					3,515.05		3,515.05
Total General Purpose Revenues					122,738.48	-	122,738.48
Excess (Deficiency) of Revenues Over Expenses					16,461.18	-	16,461.18
Net Assets - Beginning of Year					699,249.19	-	699,249.19
Net Assets - End of Year					\$ 715,710.37	\$ -	\$ 715,710.37

See accompanying notes to the financial statements.

Village of Rothbury
Balance Sheet
Governmental Funds
March 31, 2004

	<u>General Fund</u>	<u>Major Streets Fund</u>	<u>Local Streets Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Cash	\$ 75,895.67	\$ 130,709.45	\$ 153,741.24	\$ 466.58	\$ 360,812.94
Taxes Receivable	3,383.78				3,383.78
Due From Other Governments		6,113.06	2,782.07		8,895.13
Total Assets	<u>\$ 79,279.45</u>	<u>\$ 136,822.51</u>	<u>\$ 156,523.31</u>	<u>\$ 466.58</u>	<u>\$ 373,091.85</u>
Liabilities					
Accounts Payable	\$ 787.48	\$ -	\$ -	\$ -	\$ 787.48
Deferred Revenue	2,600.00				2,600.00
Total Liabilities	<u>3,387.48</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,387.48</u>
Fund Balances					
Unreserved:					
Undesignated, Reported In:					
General Fund	75,891.97				75,891.97
Special Revenue Funds		136,822.51	156,523.31	466.58	293,812.40
Total Fund Balances	<u>75,891.97</u>	<u>136,822.51</u>	<u>156,523.31</u>	<u>466.58</u>	<u>369,704.37</u>
Total Liabilities and Fund Balances	<u>\$ 79,279.45</u>	<u>\$ 136,822.51</u>	<u>\$ 156,523.31</u>	<u>\$ 466.58</u>	<u>\$ 373,091.85</u>

See accompanying notes to the financial statements.

Village of Rothbury
*Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
March 31, 2004*

Total Governmental Fund Balances	\$ 369,704.37
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***Amounts reported for governmental activities in the statement of
net assets are different because***

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	346,006.00
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Net Assets of Governmental Activities	<u>\$ 715,710.37</u>
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See accompanying notes to the financial statements.

Village of Rothbury
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For The Fiscal Year Ended March 31, 2004

	General Fund	Major Streets Fund	Local Streets Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$ 79,239.64				\$ 79,239.64
Licenses, Permits and Fees	4,308.30				4,308.30
Rental Revenues	8,325.00				8,325.00
Earnings on Investments	1,066.64	1,894.17	2,293.02	6.96	5,260.79
Charges For Services	14,128.60				14,128.60
Miscellaneous Revenues	3,490.05			25.00	3,515.05
Intergovernmental	34,723.00	31,632.10	14,287.61		80,642.71
Total Revenues	<u>145,281.23</u>	<u>33,526.27</u>	<u>16,580.63</u>	<u>31.96</u>	<u>195,420.09</u>
Expenditures					
Legislative	21,233.77				21,233.77
General Government	55,318.28				55,318.28
Public Safety	41,104.46				41,104.46
Public Works	7,407.93	11,613.53	15,088.56		34,110.02
Health and Welfare	3,761.30				3,761.30
Planning	12,684.92				12,684.92
Excess Revenue Over (Under)	<u>141,510.66</u>	<u>11,613.53</u>	<u>15,088.56</u>	<u>-</u>	<u>168,212.75</u>
Expenditures	3,770.57	21,912.74	1,492.07	31.96	27,207.34
Other Financing Sources (Uses)					
Transfers In/(Out)	-	(7,410.52)	7,410.52	-	-
	<u>-</u>	<u>(7,410.52)</u>	<u>7,410.52</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>3,770.57</u>	<u>14,502.22</u>	<u>8,902.59</u>	<u>31.96</u>	<u>27,207.34</u>
Fund Balances-Beginning of Year	79,270.14	119,943.93	146,549.55	434.62	346,198.24
Prior Period Adjustments	(7,148.74)	2,376.36	1,071.17	-	(3,701.21)
	<u>72,121.40</u>	<u>122,320.29</u>	<u>147,620.72</u>	<u>434.62</u>	<u>342,497.03</u>
Fund Balances - End of Year	<u>\$ 75,891.97</u>	<u>\$ 136,822.51</u>	<u>\$ 156,523.31</u>	<u>\$ 466.58</u>	<u>\$ 369,704.37</u>

See accompanying notes to the financial statements.

Village of Rothbury
*Reconciliation of the Changes in Fund Balance
of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended March 31, 2004*

Net Change in Fund Balances - Total Governmental Funds \$ 27,207.34

Amounts reported for governmental activities in the statement of activities are different because

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Fixed Asset Additions	\$ 10,789.84	
Current Year Depreciation	(21,536.00)	
Total	<u> </u>	(10,746.16)

Change in Net Assets of Governmental Activities	<u><u>\$ 16,461.18</u></u>
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Notes to Financial Statements

Village of Rothbury
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March 31, 2004

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Village of Rothbury
Notes to Financial Statements
March 31, 2004

Note I. Summary of Significant Accounting Policies

The accounting policies of Village of Rothbury, County of Oceana, State of Michigan conform to generally accepted accounting principles as applicable to governmental units.

A. Reporting Entity

This report includes all the funds of Village of Rothbury. The Village is governed by a nine member council elected by the citizens of the Village . The village council consists of seven voting members and two non-voting members, which are the clerk and the treasurer. The Village is not included in any other governmental "reporting entity" as defined in Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity." The criteria established by GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether financial statements would be misleading, if data were not included. In accordance with generally accepted accounting principles and GASB Statement No. 14, these financial statements present the Village as the primary government and there are no component units. The Village's council members are elected by the public and have decision making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters.

B. Government-Wide and Fund Financial Statements

In June 1999, the Governmental Accounting Standards Board issued Statement No. 34: *Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments*. In June 2001, the GASB also issued Statement No. 37: *Basic Financial Statements- and Management's Discussion and Analysis - For State and Local Governments: Omnibus* and Statement No. 38: *Certain Financial Statement Note Disclosures*.

The Village of Rothbury has made the decision to implement these standards effective for the fiscal year ended March 31, 2004.

Village of Rothbury
Notes to Financial Statements
March 31, 2004

Note I. Summary of Significant Accounting Policies

B. Government-Wide and Fund Financial Statements (continued)

GASB Statements No. 34 and 37, among many other changes, add two new "government -wide" financial statements as basic financial statements required for all governmental units. The statement of net assets and the statement of activities are the two new required statements. Both statements are prepared on the full accrual basis. Previously, in accordance with accounting standards for governmental units, the Village used the modified accrual basis of accounting for certain funds. The modified accrual basis of accounting continues to be the appropriate basis of accounting for governmental activity fund financial statements. In addition, all funds in the fund financial statements are reported as business-type activities, governmental activities or fiduciary funds. The definitions for these types of activities are discussed in other portions of Note 1.

Finally, all non-fiduciary funds are either classified as major or non-major funds. In reporting financial condition and results of operations for governmental units, the new standard concentrates on major funds versus non-major funds.

GASB Statement No. 38 requires additional note disclosures.

Government -wide Financial Statements

The statement of net assets and the statement of activities display information about the reporting government as a whole. These statements include all funds of the reporting unit except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Village of Rothbury
Notes to Financial Statements
March 31, 2004

Note I. Summary of Significant Accounting Policies

B. Government-Wide and Fund Financial Statements (continued)

Government Wide Financial Statements (continued)

The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Village's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Village, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Village.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into individual funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, net assets/fund equity, revenues, and expenditure/expenses.

Village of Rothbury
Notes to Financial Statements
March 31, 2004

Note I. Summary of Significant Accounting Policies

B. Government-Wide and Fund Financial Statements (continued)

Fund Financial Statements (continued)

Funds are organized as major funds or non-major funds within the governmental and proprietary statements. An emphasis is placed on major funds with the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type and
2. Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
3. In addition, any other governmental or proprietary fund that the Village believes is particularly important to financial statement users may be reported as a major fund.

The Village reports the following major governmental funds:

General Fund - accounts for the Village's primary operating activities. It is used to account for all financial resources except those required to accounted for in another fund.

Major Streets Fund - accounts for specific revenues and expenditures that are legally restricted for the repairs and maintenance of the Village's major streets.

Local Streets Fund - accounts for specific revenues and expenditures that are legally restricted for the repairs and maintenance of the Village's streets other than its major streets.

Village of Rothbury
Notes to Financial Statements
March 31, 2004

Note I. Summary of Significant Accounting Policies

B. Government-Wide and Fund Financial Statements (continued)

Fund Financial Statements (continued)

The Village reports the following non-major governmental funds:

Special Revenue Funds - used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes:

Walter J.Kurdziel Jr. Memorial Fund

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government -wide Financial Statements

The government-wide statement of net assets and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred revenue. Grants and similar items are recognized as revenue when earned. The effect of interfund activity has been eliminated from the government wide financial statements.

Village of Rothbury
Notes to Financial Statements
March 31, 2004

Note I. Summary of Significant Accounting Policies

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences and pension expenditures (if any), which are recorded as a fund liability when expected to be paid with expendable available financial resources. Intergovernmental aids and grants are recognized as revenues in the period in which the Village is entitled to the resources and the amounts are available. Amounts owed to the Village which are not available are recorded as receivables and deferred revenues. Amounts received prior to the entitlement period are also recorded as deferred revenues.

Special assessments are recognized as revenues when they become measurable and available as current assets. Annual installments due in future years are reflected as receivables and deferred revenues.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments, and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

The Village reports deferred revenues on its governmental funds balance sheet. Deferred revenues arise from deposits collected in the current year which are for subsequent year's operations. For governmental fund financial statements, deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period.

Village of Rothbury
Notes to Financial Statements
March 31, 2004

Note I. Summary of Significant Accounting Policies

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Fund Financial Statements (continued)

Deferred revenues also arise when resources are received before the Village has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the Village has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

D. Assets, Liabilities, and Net Assets or Equity

Deposits and Investments

Investment of the Village's funds is restricted by state statutes. Available investments are limited to:

Time deposits in any federally insured banks, credit unions, and savings and loan associations.

Local government investment pools.

Village of Rothbury
Notes to Financial Statements
March 31, 2004

Note I. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity (continued)

Deposits and Investments (continued)

Bonds, securities and other obligations of the United States, or an agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the United States, including securities issued by the Government National Mortgage Association; United States government or Federal agency obligation repurchase agreements; and bankers' acceptance of United States banks.

Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Commercial paper rated by two standard rating agencies within the three highest classifications, which matures not more than 270 days after the date of purchase, and which involves no more than 50 percent of any one fund.

The Village's deposits and investments may not be invested in financial institutions located in states other than the State of Michigan.

Village of Rothbury
Notes to Financial Statements
March 31, 2004

Note I. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity (continued)

Capital Assets

Government-wide Financial Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the government as assets with an initial cost of more than \$ 1,000.00 for general capital assets and for infrastructure assets, with an estimated useful life in excess of 2 years for general capital assets and 15 years for infrastructure assets. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated fixed assets are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	10 - 50	years
Fire Department Equipment	5 - 15	
Roads and Sidewalks	15 - 50	
Vehicles	5 - 20	
Office Furniture/Equipment	5 - 20	

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Village of Rothbury
Notes to Financial Statements
March 31, 2004

Note I. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity (continued)

Equity Classifications

Equity is classified as net assets and displayed in three components:

Invested in Capital Assets, Net of Related Debt - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets - consists of net assets with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.

Unrestricted Net Assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

Government - Wide Statements

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

Village of Rothbury
Notes to Financial Statements
March 31, 2004

Note I. Summary of Significant Accounting Policies

D. Assets, Liabilities, and Net Assets or Equity (continued)

Equity Classifications (continued)

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Unreserved fund balance includes funds set aside by management for specific uses, which are labeled "designated". The balance of unreserved fund balance is labeled "undesignated", which indicates it is available for appropriation. Proprietary fund equity is classified the same as in the government-wide statements.

Note II - Stewardship, Compliance, and Accountability

Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note I. C.

A budget has been adopted for all governmental funds of the Village.

The budgeted amounts presented include any amendments made. The Village's council may authorize transfers of budgeted amounts within departments. Transfers between functions and changes to the overall budget is approved by council motions. Appropriations lapse at year end. Governmental funds of the Village are adopted at the functional level of expenditure.

Village of Rothbury
Notes to Financial Statements
March 31, 2004

Note II - Stewardship, Compliance, and Accountability

Excess Expenditures Over Budget

The Village controls expenditures at the function level. Some individual line items may experience expenditures which exceed budgeted amounts. The detail of those items can be found in the Village's year end budgetary comparison schedules.

Note III - Deposits and Investments

The Village's deposits are categorized to give an indication at the level of custodial credit risk assumed at year end. Category 1 includes deposits that are insured or collateralized with securities held by the Village or by its agent in the Village's name. Category 2 includes uninsured, collateralized deposits with securities held by the pledging financial institution's trust department or agent in the Village's name. Category 3 includes uninsured and uncollateralized deposits.

	<u>1</u>	<u>Category 2</u>	<u>3</u>	<u>Total</u>	<u>Carrying Amount</u>
Local Area Banks	<u>\$333,496.44</u>	<u>\$ -</u>	<u>\$57,005.40</u>	<u>\$390,501.84</u>	<u>\$360,812.94</u>

The carrying amount of the Village's deposits were \$ 360,812.94 as of March 31, 2004. The bank balance was in the amount of \$ 390,501.84, of which \$ 333,496.44 was insured by FDIC Insurance. The difference between the bank balance and the carrying value is due to outstanding checks and/or deposits in transit.

Village of Rothbury
Notes to Financial Statements
 March 31, 2004

Note V - Capital Assets

Capital asset activity in the governmental activities for the year ended March 31, 2004 is as follows:

	Balance 4/1/03	Additions	Deletions	Balance 3/31/04
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 39,701.00			\$ 39,701.00
Total Capital Assets Not Being Depreciated	<u>39,701.00</u>	<u>0.00</u>	<u>0.00</u>	<u>39,701.00</u>
Capital Assets Being Depreciated				
Buildings	320,229.00	13,221.00		333,450.00
Village Hall Equipment	9,591.00	6,743.00		16,334.00
Maintenance Garage	21,881.00			21,881.00
Community Parks	38,911.00			38,911.00
Sidewalks	159,065.00			159,065.00
Vehicles - Police	18,728.00			18,728.00
Total Capital Assets Being Depreciated	<u>568,405.00</u>	<u>19,964.00</u>	<u>0.00</u>	<u>588,369.00</u>
Total Cost of Capital Assets	<u>608,106.00</u>	<u>19,964.00</u>	<u>0.00</u>	<u>628,070.00</u>
Accumulated Depreciation				
Buildings	(154,761.00)	(5,376.00)		(160,137.00)
Village Hall Equipment	(2,549.00)	(1,739.00)		(4,288.00)
Maintenance Garage	(6,418.00)	(2,181.00)		(8,599.00)
Community Parks	(18,198.00)	(1,946.00)		(20,144.00)
Sidewalks	(71,579.00)	(7,953.00)		(79,532.00)
Vehicles - Police	(7,023.00)	(2,341.00)		(9,364.00)
Total Accumulated Depreciation	<u>(260,528.00)</u>	<u>(21,536.00)</u>	<u>0.00</u>	<u>(282,064.00)</u>
Capital Assets Net of Depreciation	<u>\$ 347,578.00</u>	<u>\$(1,572.00)</u>	<u>\$ 0.00</u>	<u>\$ 346,006.00</u>

Village of Rothbury
Notes to Financial Statements
March 31, 2004

Note V - Capital Assets

Depreciation expense for the year ended March 31, 2004 is charged to governmental activities as follows:

General Government	\$ 6,284.00
Public Safety	4,804.00
Health and Welfare	2,495.00
Unallocated	<u>7,953.00</u>
Total Depreciation Expense for the year ended March 31, 2004	<u><u>\$ 21,536.00</u></u>

Note VI - Risk Assessment

Village of Rothbury is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

Budgetary Comparison Schedules
and Combining Statements

Village of Rothbury
Statement of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget - General Fund
For The Fiscal Year Ended March 31, 2004

	Budget			Favorable (Unfavorable) Variance
	Original	Final	Actual	
Revenues				
Property Taxes	\$ 76,800.00	\$ 76,800.00	\$ 79,239.64	\$ 2,439.64
Licenses, Permits and Fees	5,700.00	5,700.00	4,308.30	(1,391.70)
Rental Revenues	15,500.00	15,500.00	8,325.00	(7,175.00)
Earnings on Investments	2,000.00	2,000.00	1,066.64	(933.36)
Charges For Services	15,000.00	15,000.00	14,128.60	(871.40)
Other Revenues	3,000.00	3,000.00	3,490.05	490.05
Intergovernmental	32,400.00	32,400.00	34,723.00	2,323.00
	150,400.00	150,400.00	145,281.23	(5,118.77)
Total Revenues	150,400.00	150,400.00	145,281.23	(5,118.77)
Expenditures				
Legislative:				
Council Wages	10,000.00	10,000.00	8,250.00	1,750.00
Employee Benefits	1,000.00	1,000.00	738.50	261.50
Other Charges	2,000.00	2,000.00	348.14	1,651.86
Professional Services	20,000.00	20,000.00	2,821.92	17,178.08
Transportation	300.00	300.00	-	300.00
Community Promotion	4,000.00	4,000.00	2,330.91	1,669.09
Printing and Publishing	2,500.00	2,500.00	2,257.30	242.70
Insurance	4,700.00	4,700.00	4,487.00	213.00
	44,500.00	44,500.00	21,233.77	23,266.23
Total Legislative	44,500.00	44,500.00	21,233.77	23,266.23

Village of Rothbury
Statement of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget - General Fund
For The Fiscal Year Ended March 31, 2004

	Budget		Actual	Favorable (Unfavorable) Variance
	Original	Final		
General Government:				
Election:				
Supplies	\$ 500.00	\$ 500.00	\$ 22.71	\$ 477.29
Professional Services	1,000.00	1,000.00	441.00	559.00
Transportation	100.00	100.00	24.96	75.04
Printing and Publishing	300.00	300.00	456.44	(156.44)
Miscellaneous Expense	100.00	100.00	23.28	76.72
	2,000.00	2,000.00	968.39	1,031.61
Clerk:				
Salary	5,700.00	5,700.00	5,700.00	-
Employee Benefits	550.00	550.00	510.24	39.76
Supplies	200.00	200.00	193.75	6.25
Other Charges	300.00	300.00	300.00	-
Professional Services	100.00	100.00	-	100.00
Transportation	100.00	100.00	33.28	66.72
Miscellaneous Expense	200.00	400.00	277.64	122.36
Capital Outlay	200.00	200.00	200.01	(0.01)
	7,350.00	7,550.00	7,214.92	335.08
Treasurer:				
Salary	\$ 5,700.00	5,700.00	\$ 5,700.00	-
Employee Benefits	550.00	550.00	510.24	39.76
Supplies	1,000.00	1,000.00	259.74	740.26
Other Charges	300.00	300.00	185.14	114.86
Professional Services	200.00	200.00	50.00	150.00
Transportation	200.00	200.00	33.28	166.72
Printing and Publishing	200.00	200.00	-	200.00
Insurance and Bond Expense	100.00	100.00	64.00	36.00
Capital Outlay	200.00	200.00	-	200.00
	8,450.00	8,450.00	6,802.40	1,647.60

Village of Rothbury
Statement of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget - General Fund
For The Fiscal Year Ended March 31, 2004

	Budget			Favorable (Unfavorable)
	Original	Final	Actual	Variance
Village Hall				
Wages	\$ 10,000.00	\$ 10,000.00	\$ 7,132.50	\$ 2,867.50
Employee Benefits	1,000.00	1,000.00	586.47	413.53
Supplies	500.00	500.00	437.54	62.46
Repairs and Maintenance	1,000.00	7,450.00	9,027.80	(1,577.80)
Professional Services	1,000.00	2,000.00	1,602.31	397.69
Telephone Expense	1,500.00	1,500.00	1,126.54	373.46
Truck Expense	1,500.00	2,500.00	1,657.78	842.22
Insurance Expense	2,100.00	2,100.00	2,005.00	95.00
Utilities	3,000.00	3,000.00	2,892.64	107.36
Miscellaneous Expense	5,000.00	5,000.00	2,609.80	2,390.20
Capital Outlay	8,000.00	8,000.00	1,492.88	6,507.12
	34,600.00	43,050.00	30,571.26	12,478.74
Rothbury Community Center:				
Reimbursements	5,000.00	5,000.00	-	5,000.00
Wages	2,000.00	2,000.00	294.50	1,705.50
Employee Benefits	200.00	200.00	25.63	174.37
Supplies	400.00	400.00	353.82	46.18
Repairs and Maintenance	1,000.00	1,000.00	799.17	200.83
Professional Services	4,000.00	4,000.00	3,810.75	189.25
Printing and Publishing	500.00	500.00	241.30	258.70
Insurance Expense	1,100.00	1,100.00	1,069.00	31.00
Utilities	2,000.00	2,800.00	2,038.45	761.55
Miscellaneous Expense	200.00	200.00	216.54	(16.54)
Capital Outlay	4,000.00	4,000.00	912.15	3,087.85
	20,400.00	21,200.00	9,761.31	11,438.69
Total General Government	72,800.00	82,250.00	55,318.28	26,931.72
Unallocated				
Unallocated	12,450.00	-	-	-
Total Unallocated	12,450.00	-	-	-

Village of Rothbury
Statement of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget - General Fund
For The Fiscal Year Ended March 31, 2004

	Budget			Favorable (Unfavorable) Variance
	Original	Final	Actual	
Public Safety				
Police Salaries	\$ 28,000.00	\$ 28,000.00	\$ 21,973.50	\$ 6,026.50
Employee Benefits	2,800.00	2,800.00	2,237.20	562.80
Supplies	1,500.00	1,500.00	1,431.39	68.61
Repairs and Maintenance	1,000.00	3,000.00	3,131.02	(131.02)
Professional Services	1,000.00	1,000.00	797.25	202.75
Insurance Expense	4,500.00	4,500.00	3,725.00	775.00
Miscellaneous Expense	500.00	500.00	-	500.00
Capital Outlay	7,500.00	8,500.00	7,809.10	690.90
	46,800.00	49,800.00	41,104.46	8,695.54
Total Public Safety	46,800.00	49,800.00	41,104.46	8,695.54
Public Works:				
Street Lighting	12,000.00	12,000.00	7,407.93	4,592.07
Streets	1,000.00	1,000.00	-	1,000.00
	13,000.00	13,000.00	7,407.93	5,592.07
Total Public Works	13,000.00	13,000.00	7,407.93	5,592.07
Health and Welfare:				
Recreation Wages	800.00	800.00	800.00	-
Employee Benefits	100.00	100.00	71.60	28.40
Supplies	500.00	500.00	328.27	171.73
Professional Services	400.00	400.00	267.13	132.87
Community Promotion	1,500.00	1,500.00	1,474.28	25.72
Utilities	500.00	500.00	444.32	55.68
Miscellaneous Expense	300.00	300.00	-	300.00
Capital Outlay	1,000.00	1,000.00	375.70	624.30
	5,100.00	5,100.00	3,761.30	1,338.70
Total Health and Welfare	5,100.00	5,100.00	3,761.30	1,338.70

Village of Rothbury
Statement of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget - General Fund
For The Fiscal Year Ended March 31, 2004

	Budget			Favorable (Unfavorable) Variance
	Original	Final	Actual	
Planning:				
Wages	\$ 2,500.00	\$ 2,500.00	\$ 1,750.00	\$ 750.00
Employee Benefits	250.00	250.00	156.64	93.36
Professional Services	12,000.00	12,000.00	10,238.56	1,761.44
Printing and Publishing	2,000.00	2,000.00	504.47	1,495.53
Miscellaneous Expense	1,000.00	1,000.00	35.25	964.75
	17,750.00	17,750.00	12,684.92	5,065.08
Total Planning	17,750.00	17,750.00	12,684.92	5,065.08
Total Expenditures	212,400.00	212,400.00	141,510.66	70,889.34
Excess Revenues Over (Under)				
Expenditures	(62,000.00)	(62,000.00)	3,770.57	65,770.57
Fund Balance - Beginning of Year	79,270.14	79,270.14	79,270.14	-
Prior Period Adjustments	(7,148.74)	(7,148.74)	(7,148.74)	-
	72,121.40	72,121.40	72,121.40	-
Fund Balance End of Year	<u>\$ 10,121.40</u>	<u>\$ 10,121.40</u>	<u>\$ 75,891.97</u>	<u>\$ 65,770.57</u>

Village of Rothbury
Statement of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget - Major Streets Fund
For The Fiscal Year Ended March 31, 2004

	Budget		Actual	Favorable (Unfavorable) Variance
	Original	Final		
Revenues				
Earnings on Investments	\$ 5,000.00	\$ 5,000.00	\$ 1,894.17	(3,105.83)
Intergovernmental	29,000.00	29,000.00	31,632.10	2,632.10
	34,000.00	34,000.00	33,526.27	(473.73)
Total Revenues	34,000.00	34,000.00	33,526.27	(473.73)
Expenditures				
Public Works:				
Construction	10,000.00	10,000.00	-	10,000.00
Routine Maintenance	20,000.00	20,000.00	2,129.65	17,870.35
Winter Maintenance	10,000.00	10,000.00	4,588.72	5,411.28
Engineering Fees	1,000.00	3,000.00	2,350.00	650.00
Wages	5,000.00	5,000.00	1,924.50	3,075.50
Employee Benefits	500.00	500.00	170.66	329.34
Professional Services	2,000.00	2,000.00	450.00	1,550.00
	48,500.00	50,500.00	11,613.53	38,886.47
Excess Revenues Over (Under)				
Expenditures	(14,500.00)	(16,500.00)	21,912.74	38,412.74
Other Financing Sources (Uses)				
Transfers In (Out)	(7,000.00)	(7,000.00)	(7,410.52)	(410.52)
Net Change in Fund Balances	(21,500.00)	(23,500.00)	14,502.22	38,002.22
Fund Balance - Beginning of Year	119,943.93	119,943.93	119,943.93	-
Prior Period Adjustments	-	-	2,376.36	2,376.36
	119,943.93	119,943.93	122,320.29	2,376.36
Fund Balance End of Year	<u>\$ 98,443.93</u>	<u>\$ 96,443.93</u>	<u>\$ 136,822.51</u>	<u>\$ 40,378.58</u>

Village of Rothbury
Statement of Revenues, Expenditures and Changes in Fund Balance
Actual and Budget - Local Streets Fund
For The Fiscal Year Ended March 31, 2004

	Budget		Actual	Favorable (Unfavorable) Variance
	Original	Final		
Revenues				
Earnings on Investments	\$ 5,000.00	\$ 5,000.00	\$ 2,293.02	\$ (2,706.98)
Intergovernmental	13,500.00	13,500.00	14,287.61	787.61
	18,500.00	18,500.00	16,580.63	(1,919.37)
Total Revenues	18,500.00	18,500.00	16,580.63	(1,919.37)
Expenditures				
Public Works:				
Construction	10,000.00	10,000.00	-	10,000.00
Routine Maintenance	40,000.00	40,000.00	6,911.96	33,088.04
Winter Maintenance	10,000.00	10,000.00	5,596.58	4,403.42
Engineering Fees	1,000.00	1,000.00	-	1,000.00
Wages	5,000.00	5,000.00	1,956.50	3,043.50
Employee Benefits	500.00	500.00	173.52	326.48
Professional Services	2,000.00	2,000.00	450.00	1,550.00
	68,500.00	68,500.00	15,088.56	53,411.44
Excess Revenues Over (Under)				
Expenditures	(50,000.00)	(50,000.00)	1,492.07	51,492.07
Other Financing Sources (Uses)				
Transfers In (Out)	7,000.00	7,000.00	7,410.52	410.52
Net Change in Fund Balances	(43,000.00)	(43,000.00)	8,902.59	51,902.59
Fund Balance - Beginning of Year	146,549.55	146,549.55	146,549.55	-
Prior Period Adjustments	-	-	1,071.17	1,071.17
	146,549.55	146,549.55	147,620.72	1,071.17
Fund Balance End of Year	<u>\$ 103,549.55</u>	<u>\$ 103,549.55</u>	<u>\$ 156,523.31</u>	<u>\$ 52,973.76</u>

Village of Rothbury
Combining Balance Sheet - Nonmajor Governmental Funds
As of March 31, 2004

	Special Revenue Funds	
	Walter J. Kurdziel, Jr. Memorial Fund	
	Fund	Total
Assets		
Cash in Bank	\$ 466.58	\$ 466.58
Total Assets	<u>\$ 466.58</u>	<u>\$ 466.58</u>
Liabilities and Fund Equity		
Liabilities		
Total Liabilities	\$ -	\$ -
Fund Equity		
Fund Balance	466.58	466.58
Total Fund Equity	<u>466.58</u>	<u>466.58</u>
Total Liabilities and Fund Equity	<u>\$ 466.58</u>	<u>\$ 466.58</u>

Village of Rothbury
*Combining Statement of Revenue, Expenditures
and Changes in Fund Balance - Nonmajor Governmental Funds
For the Year Ended March 31, 2004*

	Special Revenue Funds	
	Walter J. Kurdziel, Jr. Memorial Fund	Totals
Revenues		
Earnings on Investments	\$ 6.96	\$ 6.96
Donations	25.00	25.00
	<u>31.96</u>	<u>31.96</u>
Expenditures		
	<u>-</u>	<u>-</u>
Net Change in Fund Balance	31.96	31.96
Fund Balance-Beginning of Year	<u>434.62</u>	<u>434.62</u>
Fund Balance - End of Year	<u><u>\$ 466.58</u></u>	<u><u>\$ 466.58</u></u>